

This record is a partial extract of the original cable. The full text of the original cable is not available.

230909Z Jan 04

UNCLAS ANKARA 000433

SIPDIS

SENSITIVE

STATE FOR EUR/SE AND EB/IFO; TREASURY FOR OASIA - LEICHTER
AND MILLS; NSC FOR BRYZA

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [PREL](#) [TU](#)

SUBJECT: TUPRAS AND OTHER PRIVATIZATION NEWS

REF: A. ISTANBUL 90

[1](#)B. ANKARA 6165

[1](#)1. (SBU) On 16 January EconCounselor and EconOff met with Privatization Authority (PA) President Meltin Kilci to review recent events in the Tupras sale (Ref A) and discuss upcoming events. Kilci was clearly relieved finally to have an (apparently) successful tender in a major privatization, and did not expect any difficulty obtaining approvals from the Competition Authority and Privatization High Council. In local press reports, Finance Minister Unakitan expressed similar confidence, describing the sale price as "reasonable" and predicting that it would be finalized "soon." However, Reuters has reported that the Competition Authority will not permit the winner to establish an oil distribution company -- news which, if true, could complicate or derail the sale, since Parliament recently enacted legislation permitting such vertical integration, specifically in order to induce bidders to increase their bids on Tupras (Ref B).

[1](#)2. (SBU) Kilci dismissed questions concerning Zorlu's belated participation (Ref A), claiming that this was a private matter between Tatneft and Zorlu that had no impact on the bidding process. Regarding the losing bid placed by the Anadolu Consortium (which includes the controversial Cukurova Holding (Ref A)), Kilci said that while the PA had the authority to reject an unqualified bidder, Cukurova was not unqualified since it had agreed to a debt repayment plan with BDDK. That said, Kilci also admitted he was glad that Anadolu lost, as this averted another possible Petkim disaster. Kilci dismissed Anadolu's attempt to force another round of bidding, noting that all bidders had agreed at the outset that the sealed bids would be the final bids.

[1](#)3. (U) Kilci also advised that GOT's privatization target for 2004 was USD 3 billion in contracts (1.2 - 1.5 billion in cash). He reported that, since the beginning of the year, PA had completed five tenders worth USD 400 million, which when added to the USD 1.3 billion Tupras deal, meant that GOT already was more than half-way to its target. (To date, however, no payments have been received on any of these deals.)

[1](#)4. (U) Regarding other significant privatizations, Kilci reported that the PA continues to eliminate workforce redundancies at Tekel. The Tekel retender should occur in the first half of the year, and the sale should be finalized before year end. The PA and Energy Ministry are engaged in discussions about Energy's proposed strategy for privatization of the energy sector. Bids in the Petkim retender are due at month-end.

EDELMAN